

## ARTICLE 67-10

### SCHOOL CONSTRUCTION LOAN APPLICATION AND LOAN APPROVAL

Chapter  
67-10-01 School Construction Loan Application and Loan Approval

#### CHAPTER 67-10-01 SCHOOL CONSTRUCTION LOAN APPLICATION AND LOAN APPROVAL

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**67-10-01-01. Definitions.** For purposes of this article:

1. "Board" means the board of university and school lands.
2. "Department" means the North Dakota department of public instruction.
3. "District" means a North Dakota public school district.
4. "Fund" means the coal development trust fund controlled by the board of university and school lands.
5. "Loan application" means the construction loan application provided by the department of public instruction.
6. "Project" means a building or facility that a school district is authorized to construct, purchase, repair, improve, renovate, or modernize under North Dakota Century Code section 15-35-01.1.
7. "Superintendent" means the North Dakota superintendent of public instruction.

**History:** Effective April 1, 1994.

**General Authority:** NDCC 15-35-01.1

**Law Implemented:** NDCC 15-35-01.1, 15-60

**67-10-01-02. Loan eligibility.** A district may apply for a loan from the fund if the following are met:

1. The project has been approved by the superintendent or the state board of public school education pursuant to North Dakota Century Code section 15-35-01.1 and is estimated to cost in excess of fifty thousand dollars;
2. The district has an existing indebtedness equal to at least fifteen percent of the district's taxable valuation; and
3. The principal amount of the loan requested does not exceed the lesser of thirty percent of the taxable valuation of the district or five million dollars.

**History:** Effective April 1, 1994.

**General Authority:** NDCC 15-35-01.1

**Law Implemented:** NDCC 15-35-01.1, 15-60

**67-10-01-03. Application form.** The district shall acquire a loan application from the department and submit it to the superintendent. The district shall provide the following in the loan application:

1. Verification of existing indebtedness of at least fifteen percent of the district's taxable valuation;
2. A discussion of alternative sources or methods for financing the construction or improvement program;
3. Verification that the school board of the district intends to issue and sell evidences of indebtedness to finance the construction or improvement;
4. Past, current, and projected enrollment data;
5. Current bonded indebtedness, debt retirement schedules, and total capital expenditures of the district;
6. Current taxable valuation of the district;
7. Trend data of per-pupil taxable valuation of the district;
8. Current and projected operating expenses of the district;
9. Data on tax levies of the district; and
10. Other data as deemed advisable by the superintendent.

**History:** Effective April 1, 1994.

**General Authority:** NDCC 15-35-01.1

**Law Implemented:** NDCC 15-35-01.1, 15-60

**67-10-01-04. Times loan applications considered.** Loan applications received before July 1, 1994, will be considered for approval within forty-five days after the application is received. Thereafter, loan applications will be considered for approval two times each year, in the months of March and September. For consideration in March, the loan application must be received no later than February first. For consideration in September, the loan application must be received no later than August first.

**History:** Effective April 1, 1994.

**General Authority:** NDCC 15-35-01.1

**Law Implemented:** NDCC 15-35-01.1, 15-60

**67-10-01-05. Loan approval - Demonstration of fiscal need and capacity to repay.** Before the superintendent may approve a loan, the district must demonstrate to the superintendent's satisfaction fiscal need for the loan and capacity to repay the loan. To determine fiscal need and capacity to repay, the following factors will be considered:

1. The ratio between the district's total capital debt and taxable valuation (a 1:1 ratio indicates the highest level of need);
2. The ratio between the district's tax levies and the average district tax levies for the state of North Dakota (the higher the total tax levies in relationship to the average district tax levies, the greater the need);
3. The ratio between the district's total capital debt and the district's annual total expenditures (the higher the total capital debt in relationship to the total annual expenditures, the greater the need);
4. The ratio of the district's per-pupil taxable valuation to the average per-pupil taxable valuation for the state of North Dakota (the lower the per-pupil taxable valuation in relationship to the state average, the greater the need); and
5. A student population base that assures a reasonable level of cost effectiveness of the facility.

**History:** Effective April 1, 1994.

**General Authority:** NDCC 15-35-01.1

**Law Implemented:** NDCC 15-35-01.1, 15-60

**67-10-01-06. Loan approval - Order - Determination of loan amount and percent of interest.** Loan applications will be considered for approval in the order of approval of construction of the project by the superintendent or the state board of public school education. The superintendent may determine the loan amount and a percentage rate of interest to be paid on the loan.

1. The superintendent will not approve a loan amount that exceeds two million five hundred thousand dollars for any particular application. In

determining the loan amount to be awarded, the superintendent shall consider the following:

- a. The total number of loan applications received and the total amount of loans requested in the six-month application period, or, if the application is received prior to July 1, 1994, the total number of loan applications received and the total amount of loans requested at the time the application is considered;
  - b. The total amount of money the superintendent has determined will be approved for loans in the six-month period, or, if the application is received prior to July 1, 1994, the total amount of money the superintendent has determined will be approved for loans at the time the application is considered; and
  - c. The cost of the project and the fiscal capacity of the district.
2. The interest on a loan may not exceed the rate of two percent below the net interest rate on comparable tax-exempt obligations as determined on the date the loan application is approved by the superintendent, provided the interest rate may not exceed six percent.

**History:** Effective April 1, 1994.

**General Authority:** NDCC 15-35-01.1

**Law Implemented:** NDCC 15-35-01.1, 15-60

**67-10-01-07. Board approval.** The superintendent shall submit any approved loan applications to the board for final approval with recommendations regarding the loan amounts, the rates of interest to be paid on the loans, and the terms of the loans. The board shall consider the loan applications in the order in which they were approved by the superintendent. The board shall consider the superintendent's recommendation in determining whether to approve the loan. A loan may not be approved if approval would increase the outstanding principal balance of loans made from the fund to more than twenty-five million dollars. The superintendent shall notify each applicant of the action taken by the board.

**History:** Effective April 1, 1994.

**General Authority:** NDCC 15-35-01.1

**Law Implemented:** NDCC 15-35-01.1, 15-60